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Cochrane-Dunlop Annual Report



1967

COCHRANE-DUNLOP HARDWARE LIMITED

EXECUTIVE OFFICES—160 Bloor Street East, Toronto, Ontario

DIRECTORS

F. Cochrane	Toronto, Ontario
W. C. Cochrane	Toronto, Ontario
N. M. Perris	Ocean City, New Jersey, U.S.A.
A. E. Barron	Toronto, Ontario
E. A. Bird	Toronto, Ontario
R. L. Hearn	Queenston, Ontario
D. Higgins	Toronto, Ontario

OFFICERS

W. C. Cochrane	Chairman of the Board
F. Cochrane	President
E. A. Bird	Vice-President
D. Higgins	General Manager
R. L. T. Baillie	Secretary-Treasurer

TRANSFER AGENT AND REGISTRAR—The Canada Trust Company—Toronto

COCHRANE - DUNLOP HARDWARE LIMITED

TO THE SHAREHOLDERS:

The consolidated financial statements of your Company for the year ended December 31, 1967, are included in this report.

These statements include the following subsidiaries of the Company, all of which are wholly-owned.

C-D Hardware Sales Limited
Cochrane-Dunlop Hardware—Quebec, Inc.
Cochrane-Dunlop Hardware Manitoba Limited
Cochrane-Dunlop Hardware Saskatchewan Limited
Dominion Hardware Stores Limited.

Operating results for 1967 show improvement over 1966 in both sales volume and in income. Sales of \$33,112,129 are 12.7% over 1966 sales while net income for the year at \$456,543 represents an increase of 36.9% over 1966. The rate of net income as a percentage of sales improved to 1.38% from 1.14% in 1966.

Increased volume from our expanded Thompson facility and resumption of activity in the Elliot Lake area contributed to improved results. Our wholesale branches in Toronto and Sudbury also show continued improvement. Sales at Dryden, Val d'Or and Geraldton fell significantly from 1966. Operations in Geraldton were discontinued during the year.

Capital expenditures of \$359,804 include the cost of expanding our wholesale warehouse and supporting facilities at Thompson, Manitoba, (\$74,000); facility improvements in our Hamilton, Ontario retail store, (\$20,000); equipment improvements at our Toronto wholesale warehouse, (\$26,000); and the cost of our new wholesale warehouse at Esterhazy, Saskatchewan, (\$225,000).

In May, 1967, W. C. Cochrane was appointed Chairman of the Board and Frank Cochrane was elected President of the Company. Other appointments were those of E. A. Bird as Vice-President, D. Higgins as General Manager and R. L. T. Baillie as Secretary-Treasurer.

Toronto, Ontario
May 1, 1968

On behalf of the Directors
F. COCHRANE,
President

COCHRANE-DUNLOP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1967

ASSETS	1967	1966
Current Assets:		
Cash	\$ 163,999	\$ 96,202
Marketable securities, at cost (approximate market value 1967—\$120,000—1966—\$153,000)	102,971	102,971
Accounts Receivable	4,915,043	3,871,689
Merchandise inventory at lower of cost and market	5,096,050	5,227,672
Prepaid expenses and other assets	145,158	87,547
	<u>10,423,221</u>	<u>9,386,081</u>
Fixed Assets (at cost):		
Building and equipment	3,377,022	3,106,791
Furniture and fixtures	989,939	937,597
Automotive equipment	149,342	167,935
	<u>4,516,303</u>	<u>4,212,323</u>
Accumulated depreciation	2,566,312	2,399,637
	<u>1,949,991</u>	<u>1,812,686</u>
Land	286,111	248,880
	<u>2,236,102</u>	<u>2,061,566</u>
	<u>\$12,659,323</u>	<u>\$11,447,647</u>

On behalf of the Board: W. C. COCHRANE, *Director*

A. E. BARRON, *Director*

AUDITOR

TO THE SHAREHOLDERS OF
COCHRANE-DUNLOP HARDWARE LIMITED:

We have examined the consolidated balance sheet of Cochrane-Dunlop Hardware Limited and its subsidiaries consolidated source and application of funds for the year ended on that date. Our examination included a general review of the records considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the company at the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with Canadian practice.

Toronto, Canada.
April 11, 1968.

HARDWARE LIMITED

Y COMPANIES

LIABILITIES

1967

1966

Current Liabilities:

Bank indebtedness	\$ 716,972	\$ —
Accounts Payable and Accrued charges	3,040,447	2,897,275
Income and other taxes payable	517,434	494,357
Dividends payable	117,833	117,833
	<u>4,392,686</u>	<u>3,509,465</u>

Shareholders' equity:

Capital stock (note 1)

Authorized:

3,425,780 non-cumulative preference shares of par value 20¢ each
redeemable at par

17,092 class "A" shares of no par value

143,018 common shares of no par value

Issued and fully paid:

17,092 class "A" shares }

143,018 common shares }

	533,700	533,700
Retained earnings (note 2)	7,732,937	7,404,482
	<u>8,266,637</u>	<u>7,938,182</u>
	<u>\$12,659,323</u>	<u>\$11,447,647</u>

NOTES:

1. During the year, 572,072 non-cumulative preference shares were issued as a stock dividend and subsequently redeemed.
2. At December 31, 1967, retained earnings include \$532,412 tax-paid undistributed income.

REPORT

es as at December 31, 1967, and the statements of consolidated income, consolidated retained earnings and
review of the accounting procedures and such tests of accounting records and other supporting evidence as we

as at December 31, 1967, and the results of their operations and the source and application of their funds for
cent with that of the preceding year.

CLARKSON, GORDON & CO.
Chartered Accountants.

COCHRANE - DUNLOP HARDWARE LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED INCOME

for the year ended December 31, 1967

	1967	1966
Sales	\$33,112,129	\$29,378,641
Cost of goods sold including selling, general and administrative expenses	31,990,791	28,535,792
Operating income	1,121,338	842,849
Income from Investments	6,875	6,875
	1,128,213	849,724
Depreciation	182,268	175,231
Interest on long term debt	2,402	5,031
	184,670	180,262
Net income before income taxes	943,543	669,462
Income taxes	487,000	336,000
Net income for the year	\$ 456,543	\$ 333,462

NOTE: Remuneration of directors and senior officers amounted to \$144,452 in 1967.

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

for the year ended December 31, 1967

	1967	1966
Balance, beginning of year	\$ 7,404,482	\$ 7,199,108
Net income for the year	456,543	333,462
	7,861,025	7,532,570
Deduct dividends:		
Common shares	114,414	114,414
Class "A" shares	13,674	13,674
	128,088	128,088
Balance, end of year	\$ 7,732,937	\$ 7,404,482

COCHRANE - DUNLOP HARDWARE LIMITED

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

for the year ended December 31, 1967

1967

1966

Source of Funds:		
Net Income for the year	\$ 456,543	\$ 333,462
Depreciation	182,268	175,231
Sale of fixed assets	3,000	10,609
	<u>641,811</u>	<u>519,302</u>
Application of Funds:		
Expenditures on fixed assets	359,804	83,312
Dividends	128,088	128,088
Redemption of 5¼% serial debentures	—	50,000
	<u>487,892</u>	<u>261,400</u>
Increase in working capital	153,919	257,902
Working capital at beginning of year	5,876,616	5,618,714
Working capital at end of year	<u>\$6,030,535</u>	<u>\$5,876,616</u>

WHOLESALE BRANCHES

ONTARIO— Dryden
 Elliot Lake
 Little Current
 North Bay
 Port Arthur
 Sault Ste. Marie
 Sudbury
 Toronto
 Wawa

QUEBEC— Val d'Or


MANITOBA— Thompson

SASKATCHEWAN— Esterhazy

RETAIL BRANCHES

ONTARIO— Copper Cliff
 Guelph
 Hamilton
 Lively
 North Bay
 Oakville
 Peterborough
 Sault Ste. Marie (2)
 Sudbury (2)

MANITOBA— Thompson



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COCHRANE-DUNLOP HARDWARE LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF CONSOLIDATED SOURCE
AND APPLICATION OF FUNDS

	six months ended June 30	
	1967	1966
Source of funds:		
Net income for the period.....	\$ 111,441	\$ 105,322
Depreciation.....	82,000	96,565
Proceeds of sale of fixed assets..	3,000	6,000
	<u>196,441</u>	<u>207,887</u>

Application of funds:

Expenditures on fixed assets....	55,437	33,402
Dividends.....	6,836	6,836
	<u>62,273</u>	<u>40,238</u>
Increase in working capital.....	\$ 134,168	\$ 167,649
Working capital at June 30th.....	<u>\$6,010,784</u>	<u>\$5,786,363</u>

Note: Subject to audit and year end adjustments.



Report for the six months ended
June 30, 1967

EXECUTIVE OFFICES
160 BLOOR STREET EAST
TORONTO 5, ONTARIO
PHONE 416/921-3103

COCHRANE-DUNLOP HARDWARE LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARIES

REPORT FOR THE SIX MONTHS ENDED JUNE 30, 1967

TO THE SHAREHOLDERS:

The unaudited statement of income for the first six months of 1967, with 1966 comparisons, is shown in the attached report. This interim half-yearly report will now become part of regular reporting to shareholders.

Volume of business is generally greater in the last half of the year than in the first six months, and it is anticipated that we will continue to show an improvement over 1966, in both sales and in profits, for the balance of the year.

Our expanded facility in Thompson, Manitoba shows substantial improvement in volume and plans are under way for construction of a new facility in Esterhazy, Saskatchewan.

We are pleased to announce the appointments of Mr. D. Higgins as General Manager and Mr. R. L. T. Baillie as Secretary-Treasurer of the Company.

Toronto, Ontario
August 17, 1967

F. COCHRANE
President

COCHRANE-DUNLOP HARDWARE LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

	six months ended June 30	
	1967	1966
Sales.....	\$14,749,826	\$13,991,005
Cost of goods sold including selling, general and administrative expenses.....	14,447,197	13,684,930
Operating income.....	302,629	306,075
Income from investments.....	3,437	3,437
	306,066	309,512
Depreciation.....	82,000	96,565
Interest on indebtedness.....	2,625	2,625
	84,625	99,190
Net income before income taxes...	221,441	210,322
Income taxes.....	110,000	105,000
Net income for the period.....	\$ 111,441	\$ 105,322

Note: Subject to audit and year end adjustments.